

~~TOP SECRET~~
Security Information

8 January 1953

MEMORANDUM FOR MR. DULLES

SUBJECT: Intelligence Aspects of NSC 138/1 (Oil Suit)

1. NSC 138/1 covers the foreign impact of the FTC Report and the continued suit in paragraphs 21-34 (pp. 6-9). These are more extensive than our estimate, SE-28/1. The most important evidence is contained in a State roundup of reactions, specifically requested from [redacted] and put together into an OIR report dated 17 December, and in a roundup of selected [redacted] initiated for SE-28/1 and published in a series of PD's dated 29 December. State's is a detailed description of press, radio, and other reactions, while the CIA roundup comprises summary statements only but is most concise and to the point. I attach a summary of the CIA roundup for your reference in case of need, and I will also have the State report (given to us only for purposes of SE-28/1 and hence presumably not to be quoted except possibly for facts).

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2. There is some danger that Justice or other proponents of the suit will try to argue that SE-28/1 is milder than the NSC paper and does not support it. In fact, there is no statement in either that is inconsistent with the other. But there is a difference in tone, best illustrated by the underlined statements in paragraphs 28-31 of the NSC paper. Paragraph 29, in particular, seems overdrawn and unduly alarmist to the Latin American people, and is considerably more extreme than State's own roundup. The NSC paper quite properly stresses the potential long-term effects while SE-28/1 concentrates more on the narrower question of whether a suit would be a "decisive element" in leading to nationalization in any country. That it probably would not is far from saying that it would not have almost all the general effects named in the NSC paper. If the argument on this point should become serious, the attached excerpts from our CIA roundup indicate general agreement with the NSC paper, and could be quoted.

3. On the question of whether a civil suit would be far less harmful abroad than a criminal one (paras. 35-37, p. 10), there is no published intelligence judgment or evidence aside from the paper itself. The Middle Eastern and Latin American man I have

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consulted agree that it would ^{make} some difference in these areas, less because of the difference in moral ~~ones~~ than because a civil suit would get less sensational and concentrated treatment in the US press.

4. The Justice part of the paper (para. 15, p. 21) refers to an allegedly existing committee, including CIA, to screen sensitive documents used in the case. I assume this is based on your talks with Justice early in November expressing a willingness to do something along these lines. If the committee is not actually in existence, Justice is exaggerating slightly. It would not be the only such instance in its brief.

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